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DDI-244-72

MEMORANDUM FOR: Deputy Director for Intelligence

SUBJECT : Current Status of US Grain Sales to China

1. On 31 October, UPI carried a story discussing a "third" sale of 26,400 tons of grain to China. There have indeed been three sales of US grain to the PRC: the first for 408,000 tons of wheat in early September, a second for 150,000 tons of wheat in late September, and a third for 300,000 tons of corn in October. All three sales have been handled by the French firm of Louis Dreyfus; however, only the first and third sales have been public knowledge. Until quite recently, Dreyfus refused to reveal whether or not the wheat under the second contract would be of US origin. Public knowledge of this second sale at this time is due to the fact that some observers have noted that total wheat loadings at US Gulf and Eastern ports have now exceeded the total amount stipulated in the first contract and have correctly concluded that this is a hitherto unknown contract.

2. The current status of PRC grain imports is shown below:

PRC Grain Import Contracts

| <u>Exporting Country</u> | (Thousand Metric Tons) | |
|--------------------------|------------------------|-------------|
| | <u>1972</u> | <u>1973</u> |
| Canada | 3,950 | 750 |
| US | 858 | - |
| Australia | 0 | 1,000 |
| <u>Total</u> | 4,808 | 1,750 |

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Director
Economic Research

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